

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-01 TRSE-00 CIEP-01

FRB-03 OMB-01 L-02 AID-05 NSC-05 SS-15 CEA-01 /076 W

----- 044894

P R 211920Z MAR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 8245

INFO USMISSION GENEVA

AMCCNSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O.11652: N/A

TAGS: ETRD, BR

SUBJECT: US/BRAZIL BILATERAL TEXTILE CONSULTATIONS

REF: A. STATE 59568 B. BRASILIA 1385 C. STATE 36434 D. BRASILIA 1730

GENEVA PASS TO PHELAN

1. SUMMARY: GOB HAS ACCEPTED USG PROPOSAL OF FEBRUARY 25 FOR EARLY PRENEGOTIATION MEETING ON ALL -FIBER BILATERAL. EMBASSY RECOMMENDS USG MAINTAIN TWO-STAGE SCENARIO AND NOT ASK GOB TO MOVE DIRECTLY INTO FORMAL NEGOTIATIONS AT THIS TIME. END SUMMARY.

2. ON MARCH 18, SHORTLY AFTER RECEIPT REFTTEL A, EMBASSY RECEIVED AIDE MEMOIRE FROM FONOFF ACCEPTING US PROPOSAL IN AIDE MEMOIRE OF FEBRUARY 25 FOR PRENEGOTIATIONS MEETING ON TEXTILE BILATERAL.

TEXT OF AIDE MEMOIRE AS FOLLOWS:

BEGIN TEXT:

WITH REFERENCE TO AIDE MEMOIRE OF FEBRUARY 25, 1975 CONCERNING THE COUNTERPROPOSAL OF USG FOR NEGOTIATION OF A NEW

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AGREEMENT ON TEXTILES, THE BRAZILIAN GOVERNMENT ADVISES THAT

IT IS WILLING TO NEGOTIATE THE ADAPTATION OF THE PROVISIONS OF THE BILATERAL AGREEMENT ON COTTON TEXTILES TO THE PRINCIPLES OF THE GATT AGREEMENT ON INTERNATIONAL TEXTILE TRADE, UNDER THE TERMS OF ARTICLE 2.

ACCORDINGLY, THE BRAZILIAN GOVERNMENT ACCEPTS THE COUNTERPROPOSAL, CONTAINED IN AIDE MEMOIRE OF FEBRUARY 25, TO HOLD IN BRASILIA A PRELIMINARY AND EXPLORATORY MEETING BETWEEN REPRESENTATIVES

OF THE TWO GOVERNMENTS TO DEAL WITH THE MATTER OF THE ABOVE PARAGRAPH, AS WELL AS OTHER QUESTIONS RELATED TO TEXTILE TRADE BETWEEN THE TWO COUNTRIES.
END TEXT.

3. IN COMMENTING ON AIDE MEMOIRE TO ECON COUNSELOR ON MARCH 19 AMBASSADOR CABRAL DE MELLO STATED THAT WITH REGARD TO TIMING OF EXPLORATORY MEETING, GOB WAS "OPEN TO RECEIVE ANY PROPOSED DATE AS EARLY AS WASHINGTON WISHES, INCLUDING A DATE IN EARLY APRIL BEFORE THE SECRETARY'S VISIT". HOWEVER, CABRAL DE MELLO SAID HE WAS UNABLE TO COMMIT HIMSELF ON ANY SPECIFIC DATE WITHOUT FURTHER CONSULTATIONS TO ENSURE OTHER GOB PARTICIPANTS WOULD BE AVAILABLE. IN VIEW OF INSTRUCTIONS REFTEL A, COUNCILOR DID NOT PRESS POINT.

4. RESPONSE REPRESENTS SIGNIFICANT SHIFT IN GOB POSITION TOWARD BILATERAL TEXTILE DISCUSSIONS, IN WHICH SPECIAL TEXTILE TRADE NEGOTIATOR TONY FURICH'S FORCEFUL AND PERSUASIVE PRESENTATION DURING MARCH 6-7 VISIT UNDOUBTEDLY WAS A MAJOR CONTRIBUTING FACTOR.

5. WHILE WE APPRECIATE CONCERN RE GOB'S TEXTILE STRATEGY, EMBASSY RECOMMENDS THAT TWO-STAGE SCENARIO AUTHORIZED REFTEL C BE MAINTAINED AND THAT FIRST ROUND OF TALKS BE ON PRELIMINARY AND EXPLORATORY BASIS:

A. AIDE MEMOIRE IS FULLY RESPONSIVE US POSITION AS SET FORTH IN PRESENTATION OF FEBRUARY 25 AND DURING FURICH'S VISIT.
B. WHILE SENIOR GOB OFFICIALS HAVE NOT DISGUISED THEIR RELUCTANCE TO CONCLUDE NEW AGREEMENT NOW, AIDE MEMOIRE IN FACT GOES BEYOND US FEBRUARY 25 PROPOSAL BY EXPLICITLY ACCEPTING PRINCIPLE OF BILATERAL NEGOTIATIONS UNDER ARTICLE 2. THIS IS LIMITED OFFICIAL USE

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FIRST TIME GOB HAS DONE SO.

C. TEXTILES, IS ONE OF SEVERAL MAJOR TRADE ISSUES BETWEEN US AND BRAZIL WHICH ARE MATTERS OF GROWING CONCERN AT SENIOR LEVELS IN GOB. SPECIAL PASSAGE IN PRESIDENT GEISEL'S MESSAGE TO CONGRESS (REFTEL D), OF MARCH 1, NOTES EXISTENCE OF TRADE ISSUES, AND DANGERS THAT THESE COULD ULTIMATELY AFFECT TRADITIONAL POLITICAL RELATIONSHIP BETWEEN US AND BRAZIL.

EMBASSY BELIEVES THAT US NEGOTIATING APPROACH SHOULD TAKE FULLY INTO ACCOUNT THESE POLITICAL SENSITIVITIES.

6. IN VIEW OF FACT THAT FIRST ROUND OF TALKS WILL BE EXPLORATORY, WE SEE NO PROBLEMS IN SCHEDULING MEETING EVEN SHORTLY BEFORE SECRETARY'S VISIT, IF THIS IS OTHERWISE DESIRABLE.

7. ACTION REQUESTED: REQUEST AUTHORITY TO INFORM GOB THAT USG WISHES TO PROCEED WITH PRELIMINARY EXPLORATORY DISCUSSIONS AS SOON AS POSSIBLE, AND TO SUGGEST SPECIFIC DATES. EMBASSY BELIEVES THAT, TO MAINTAIN MOMENTUM, IT WOULD BE DESIRABLE TO SCHEDULE EXPLORATORY (TWO OR THREE DAY) MEETING AT EARLY DATE IF THIS CAN BE WORKED INTO US NEGOTIATING SCHEDULE. ALTERNATIVELY, IF THIS IS OT POSSIBLE, EMBASSY REQUESTS AUTHORITY TO PROPOSE MAY 26 OR JUNE 2 DATE FOR PRELIMINARY EXPLORATORY MEETING, WITH FULL-DRESS NEGOTIATIONS TO BE SCHEDULED AS SOON AS PRACTICABLE AFTER EXPLORATORY TALKS.
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